

The complaint

X is unhappy Barclays Bank UK PLC ("Barclays") hasn't reimbursed him after he transferred money to a fraudster as part of a purchase scam.

What happened

The details of the complaint are well known to both parties, so I won't go into too much detail again here. However, in summary, X says that he has been the victim of a scam. He was tricked into sending £6,261 to a fraudster in the belief that he was purchasing some bulk goods which he planned to sell on as part of his business.

X says he made three payments to the fraudsters, but a fourth payment also left his account which he says he does not recognise and did not authorise himself. All of the payments went to international accounts. I've detailed the payments that left X's account in the table below:

Date	Activity	Amount
09/11/2021	International payment to Account A	£1,310
15/11/2021	International payment to Account A	£1,945
17/11/2021	International payment to Account A	£1,360
18/11/2021	International payment to Account B	£1,646

X made the payments online so there was no interaction with anyone from Barclays at the time. However, X said that soon after he made the payments and whilst some of them were still pending, he began to become suspicious and so he contacted Barclays to see if it could stop them leaving his account. However, Barclays took no action and the funds eventually debited the account.

X complained to Barclays. He said he thought Barclays pre-approved receiving accounts before allowing payments to be made and this had given him a false sense of security when making the payments. X went on to request that Barclays provide him with a refund of the money he had lost.

Barclays declined to offer X a refund of the amount lost. It said he hadn't provided any convincing evidence that he had been scammed and there was evidence to suggest that his goods had simply been stopped at customs and he had been unwilling to pay the necessary import duties. It therefore felt that this was more likely a private civil dispute between X and the merchant, and not a scam at all. Barclays went on to say that it had evidence that X had also authorised the final payment which he said he didn't recognise and so it wouldn't look to offer him a refund of this payment now either.

X disagreed with what Barclays said and he brought his complaint to this service where one of our investigators looked into things.

Our investigator didn't uphold the complaint. She said she thought X had been the victim of a scam, but she didn't think Barclays could've done anything at the time to have prevented the payments from leaving his account. She also thought Barclays had done all it could to recover X's funds once notified of the scam. She also agreed with Barclays that it was more likely than not that the fourth transaction had been authorised.

X didn't agree with the investigator's findings. And as an agreement has not been reached, the complaint has been passed to me for a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In deciding what's fair and reasonable, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

I'm really sorry to hear about what's happened to X. I have significant sympathy for the situation he has found himself in. I know he was hoping to use these funds to build his business. But having thought very carefully about what he's told us happened at the time and Barclays' actions, I don't think it would be fair and reasonable for me to hold Barclays liable for his loss. I'll explain why.

Has X been the victim of a scam?

Barclays no longer appears to be disputing that X has been the victim of a scam and I am inclined to agree with the investigator that it is more likely than not that he was.

There are a number of red flags contained in the emails sent to X after the payments were made that suggest he was not dealing with a legitimate business. And, overall, I think there's enough evidence to suggest, on the balance of probabilities, that the person X was dealing with was a fraudster. Having reviewed all the relevant information, I'm satisfied this was a scam. But it doesn't automatically follow that X is now due a refund of the amount lost. I then have to consider whether Barclays could've done more to protect X from financial harm from fraud.

The first three transfers

It is accepted that X authorised these payments himself. So, although he didn't intend the money to go to fraudsters, under the Payment Services Regulations and the terms and conditions of his account, X is presumed liable for his loss in the first instance. Where valid payment instructions have been received, Barclays' obligation is to follow the instructions that X has provided.

However, there are circumstances where it might be appropriate for Barclays to take additional steps or make additional checks before processing a payment in order to help protect its customers from the possibility of financial harm from fraud. An example of this would be when a payment is sufficiently unusual or uncharacteristic when compared with the usual use of the account. In such circumstances, I'd expect Barclays to intervene and ask some questions about the intended transaction before processing it.

So, I've thought about whether the international payments made here could be considered out of character and unusual when compared with X's usual account activity.

I've reviewed X's account statements for the months leading up to the scam, and I don't think it would be reasonable to say any of the payments under discussion here were remarkable enough to have stood out to Barclays at the time.

The first payment of £1,310 is for a relatively modest amount and it is in-line with X's usual spending on the account. X has made a number of similar payments in the months leading up to the scam. And so, I don't think this payment should've been considered unusual enough to have warranted Barclays' intervention at the time.

Whilst I acknowledge that the second, and to a lesser extent, the third payments are for higher amounts, they are still relatively rather modest. They aren't being made in quick succession and by this point, they are being made to an established payee. And so, I don't consider them inherently suspicious when taking into account that customers often process transactions up to these amounts on a daily basis.

Overall, I'm not satisfied that the scam payments should've stood out when compared to X's genuine account activity or that they should've prompted further checks by Barclays before they were allowed to leave his account.

I have to stress that, at the time, Barclays wouldn't have known that X was making payments to a fraudster. It is only with the benefit of hindsight that we now know that the payments were being made as the result of a scam and I'm not persuaded that Barclays should have prevented them from leaving the account at the time. As I don't think Barclays have done anything wrong in processing the transactions at X's request, I won't be asking it to refund these transactions now.

Was the fourth transaction authorised?

My role when looking into whether the fourth transaction was authorised or not is to decide what I think is *most likely* to have happened based on the evidence I've seen. Having done so, I'm satisfied that the most likely scenario here is that the transaction was authorised by X.

I say this because, Barclays has provided me with internal security information that shows the transaction was completed on X's registered mobile device. It also shows me that the transaction was completed using the same IP address as the transactions that X has told us he authorised.

Barclays has also confirmed that it can find no evidence of third-party access to the account and whoever authorised the transaction would've needed X's passcode. As X hasn't mentioned sharing his security information with anyone else, I haven't been able to identify a point of compromise that would allow me to reach the conclusion that this transaction was completed by an unknown third-party. So overall, I'm satisfied the most likely scenario here is that X has made, or otherwise authorised, the transactions himself. It follows that I won't be asking Barclays to offer X a refund of this transaction now.

Could Barclays have done more to protect X

I've then gone on to think about whether Barclays could've done more to help X once it was notified of the scam, but I don't think it could.

I've thought about what X has told me about some of the payments still appearing as 'pending' on his account at the time he initially contacted Barclays about being the victim of a scam. But ultimately a pending payment cannot be stopped once the authorisation process has been started. Although a transaction may appear as 'pending' on the account, it has been authorised and it isn't possible to recall the payment once this has taken place. So, whilst I fully understand that X feels the payment should've been stopped, this wasn't possible. And there wasn't anything further Barclays could've done to prevent the payment from leaving X's account at this point.

Barclays did contact the receiving banks that received the international transfers to ask if X's funds could be returned but unfortunately, the receiving banks did not respond, and Barclays wasn't able to do anything further.

Finally, I want to acknowledge what X has about Barclays having to "pre-approve" an account before a transfer can be made. I'm not quite sure what X is referring to here, but I understand that he may be referring to the "Confirmation of Payee" system that is now broadly in place across the banking sector in the UK. But this system does not allow banks to carry out checks on people their customers are attempting to make transfers to – this isn't possible. This system simply checks that the account the customer is wishing to transfer funds to is in the name of the person they intend to make the transfer to. And it only applies to UK based transfers, not international transfers such as the ones X made here.

Finally, I want to stress again that I am very sorry to hear about what has happened to X. But at the same time, I don't think his loss was caused by any specific failing on behalf of Barclays. The fault here lies with the cruel and callous acts of the fraudsters themselves.

My final decision

My final decision is that I do not uphold this complaint about Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 25 April 2024.

Emly Hanley Hayes
Ombudsman